

**TOWN OF ROCKY HILL
FINANCE COMMITTEE
MEETING OF FEBRUARY 11, 2015**

Present: Chairwoman Cathy Vargas and Councilor Guy Drapeau. Also present: John Mehr (Finance Director), Guy Scaife (Town Manager), Mona McKim (Treasurer), Glenn Parent (Director of Public Works) (Left at 5:11 p.m.), Kevin Morton (Crew Leader for Highway Department) (Entered at 4:35 p.m.) (Left at 5:11 p.m.), Lisa Zerio (Director of Parks and Recreation & Custodial Services) (Left at 5:11 p.m.), Walt Sykes (Crew Leader for Parks and Recreation) (Left at 5:11 p.m.) and Elaine McKim (Tax Collector) (Left at 5:16 p.m.).

Absent: Councilor Bill MacDonald.

Chairwoman Cathy Vargas called the February 11, 2015 meeting of the Finance Committee to order at 4:30 p.m. in the Council Chambers, Town Hall, 761 Old Main Street, Rocky Hill, CT.

I. ACTION – APPROVAL OF MINUTES – JANUARY 14, 2015 MEETING

Councilor Drapeau made a motion to approve the Minutes of the January 14, 2015 meeting of the Finance Committee. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

**II. ACTION – INFORMATION TECHNOLOGY EQUIPMENT –
LEASE/PURCHASE NETWORK SWITCH UPGRADE PROJECT – IT
DEPARTMENT**

Finance Director Mehr said Russ Ford (Director of IT and Facilities) had presented a plan at this Committee's last meeting to replace some of the computer infrastructure (i.e. switches, etc.) for approximately \$106,000. They were going to look into trying to do a lease arrangement. Finance Director Mehr went out to request proposals from companies, etc. that the Town had dealt with in the past that had submitted proposals for small leasing items like this. He got two responses back. He told the Councilors that he submitted a breakdown of this to them. (Please see the First Attachment.)

Chairwoman Vargas asked Finance Director Mehr if there is a reason that he chose Citizens Bank and he said they came in at approximately \$1,400 less for the finance charges. Chairwoman Vargas asked Finance Director Mehr if there is a reason that this would be for three years instead of four years and he said that he was looking at what the cost would be to have this stretched out over four years, as well as the interest rate would be at about 4.5%. Councilor Drapeau likes the spreadsheet. He thinks all of the options have been covered and the pricing is good. Chairwoman Vargas confirmed that the \$10,000 will be coming from the IT Department

in the current year and the \$34,155.37 will be in the budget for the next three years. Finance Director Mehr said correct. The leasing is being pushed off so that they will have more money to spend currently on the IT upgrades. Councilor Drapeau said the switching equipment will last longer than three years so they won't have to do anything for six years.

Councilor Drapeau made a motion to approve the Resolution – Acquiring/Leasing – Network Switches Upgrades – IT Department and forward this to the Town Council. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

BE IT RESOLVED, that the Town of Rocky Hill Information Technology (IT) Department is authorized to acquire switching equipment for the Town's networking infrastructure at a cost of \$106,205.05 from Extreme Networks, Inc., 9 Northeastern Boulevard, Salem, NH 03079. The pricing for this equipment is in line with State of Connecticut bid price.

BE IT RESOLVED, that the Town Manager, or the Finance Director is authorized to enter into a three (3) year lease arrangement for the above networking equipment with Baystone Government Finance, associated with Citizens Bank. The Town will be making a down payment of \$10,000.00 upon delivery and 3 annual payments of \$34,155.37 in future budget years. This down payment will be charged to the IT Department Budget line (01-101-500-5736) for Technical Equipment and the 3 installment payments will be charged to the Capital Improvement Budget project line (01-950-000-5741) for Equipment – IT Department in those budget years. At the end of the lease period, the Town will own the networking equipment outright.

Before this motion was seconded and voted on, Councilor Drapeau confirmed that the \$34,155.37 will be in the Capital Improvement budget and Finance Director Mehr said it will be starting next year. Councilor Drapeau asked why this can't be put in the IT budget. Finance Director Mehr said the Town is committing to making these payments over the next three years so it will be better to keep it out of the department's budget in order for the money not to be reallocated.

At this point, the motion was voted on.

III. UPDATE –PARKS SPECIAL RECREATION ACCOUNT – PARKS/FINANCE

Finance Director Mehr told the Councilors that in their packets, they were provided with a copy of the changes that have been made to this account as of July 1, 2014. (Please see the Second Attachment.) Mona McKim, Lisa Zerio and other Parks and Recreation supervisors had split out various programs. Finance Director Mehr said it appears that a little too much was transferred to the nonrecurring fund. They get a lot of their Summerscape payments in May and June while they get a lot of their expenses in July and August so he thinks this is what drove the Organized Activities to being high. It is probably just a matter of timing for the other accounts.

Chairwoman Vargas asked if the -\$74,499 is because of cash flow and she asked if money will be coming in to cover that deficit. Mona McKim thinks from them taking the \$300,000 that that might have been a little excessive and they will have a better idea as to where the flow is going

by having this categorized. This is giving them a picture that they needed to see once they had the cash flow and now they are seeing where the balances will remain. Fund balances have a “due to, due from” so the Special Rec Program has an amount due to the general fund at this point. Chairwoman Vargas confirmed that there will be enough to cover this at some point. Town Manager Scaife said the amount of \$300,000 that was taken out has to be adjusted. Chairwoman Vargas asked if they are looking at getting some of the \$300,000 back. Finance Director Mehr said this is just a snapshot as of six months and they will probably look at this again in nine months. They might have to look for some of the \$300,000 to be transferred back in depending on what the balance is in order to get things straightened out. Town Manager Scaife told the Councilors that they were alerting them to what appears to be an excessive amount that was taken out and they will come back with a solid recommendation to them no later than April 2015 as to what the better target number is. Councilor Drapeau told them they have to figure out what their annual minimum balance is and where their low point of cash is because that is where their number needs to be. He asked for this to be kept monthly in the report to the Finance Committee so that they can see where this is at and he agrees that a decision should be made in April 2015 as to where their number should be.

IV. UPDATE – DELINQUENT PROPERTY TAXES COLLECTION –TAX COLLECTOR

Elaine McKim told the Councilors that they had a handout in their packets with regards to this and she went over this. (Please see the Third Attachment.) Chairwoman Vargas asked when the tax sale process will start. Elaine McKim said the packet of fourteen properties will be turned over tomorrow to the Tax Sale Agent. Chairwoman Vargas said at this Committee’s last meeting how it had been stated that there is a lot of correspondence to the homeowner before this becomes a tax sale so that they have time to pay or start a payment plan. Elaine McKim said she will send the packet to the Tax Sale Agent who will go over it and then letters will be sent out to these taxpayers who will have so many days to call in order to try to have a payment arrangement done. Chairwoman Vargas asked if certified mail is used and Elaine McKim said yes. Chairwoman Vargas asked if car taxes are being included too or if this is just for real estate taxes. Elaine McKim said for these particular fourteen taxpayers that they are all up-to-date on their car taxes. Councilor Drapeau said a tax sale is a difficult thing for someone to go through and he told Elaine McKim to let this Committee know that these people have clarity on what is happening, as well as the steps that have been taken to help them get restitution. Councilor Drapeau thinks it would be best for the Councilors to know that everything is being done to help these people be good citizens and that their properties aren’t just being taken and sold. Town Manager Scaife said Elaine McKim has personally contacted these people and there have been numerous conversations so hopefully some of these will still clear up. Elaine McKim said she also has to send out delinquent and demand notices by State Statute. Councilor Drapeau confirmed that all of these people know this is coming and there will be no surprises. Elaine McKim said yes. Chairwoman Vargas was glad that this was being discussed and that this is getting out to the public. She told Elaine McKim that she appreciates this information. Councilor Drapeau said this was a good report.

V. DISCUSSION/POSSIBLE ACTION – EMERGENCY REPLACEMENT FOR PARKS AND RECREATION 1999 PICKUP TRUCK – TOWN MANAGER

Town Manager Scaife said they have had to deadline a couple of vehicles, which are part of the Parks and Recreation Department fleet of eight vehicles, due to their types of body conditions which aren't worthy of being repaired. He went over the entire fleet explaining how the vehicles are used. There hasn't been a vehicle replacement plan in place. Two of the vehicles are 1985 ones and one is a 2000 F-350, which is critical to the snow operation. The 2000 F-350, which failed last week, has a dump body so it has the capability of having a sander, as well as a snowplow. A 1985 vehicle had failed in November 2014 and this one is critical from late March into late fall. It was decided to come to this Committee with both of these vehicles at one time, as well as to the Town Council, with an emergency request. There are vehicles in stock at Monaco Ford in Glastonbury and he thinks the Town has gotten extremely favorable pricing for these that they could get in a matter of days. He would like to use money that they have in their contingency account to pay for these and there will still be over \$325,000 left in this account if this emergency purchase is approved. He feels this is more than enough. They have just about exhausted their overtime budget due to the challenging winter but there are other budgets they haven't exhausted. It doesn't make economic or operational good sense to wait until July 2015 to spend the Town's money and wait for a purchase in next year's budget because then they would have lost all of the productivity that they would have between now and then.

Councilor Drapeau asked if the old plow on the 2000 F-350 can be reused on a new truck. Town Manager Scaife said they are hoping to reuse all of the existing equipment. Councilor Drapeau said the quote is stating \$5,200 for a 9' fisher plow. Glenn Parent believes that he could retrofit the old plow. Chairwoman Vargas asked about the sander too. Glenn Parent said they won't be buying a sander. Councilor Drapeau asked Glenn Parent if he wants to replace the plow. Glenn Parent said he would like to replace the plows with the trucks if he could because plows don't last twenty-five years. Councilor Drapeau asked Glenn Parent if he has a plan for the old plow and he said no.

Councilor Drapeau asked Glenn Parent if he could live with one truck now instead of two because one of these is a springtime truck. Chairwoman Vargas said that would be a truck for Lisa Zerio's department. Town Manager Scaife said Glenn Parent's role is for winter maintenance with one of the trucks and the other truck is for Lisa Zerio's and Walt Syke's organization. Town Manager Scaife said the Parks and Recreation Department's capability will be limited if they have one of their trucks being taken offline and one-twelfth of productivity from a vehicle standpoint would be taken away so he questioned why they would do that. The Parks and Recreation Department's fleet hasn't grown in a long time but a lot of work has been added. Councilor Drapeau asked if Truck 88, which has been deadlined, was used in the summer also for Lisa Zerio's group and Glenn Parent said yes. Town Manager Scaife said eight trucks are used in the summer and six trucks are used in the winter for snow removal. They have this money set aside and if they don't use it then this amount will be in next year's budget. There is another 1985 truck that they will see in that budget because he doesn't want to go into the winter next year with this truck on the road. Chairwoman Vargas asked what the ages of the other six vehicles are besides the 1985 and 2000 ones. Lisa Zerio said there is another 1985 (Truck 66) and this is the one they will see in her budget requests. There are also 2001, 2003, 2005, 2007 and 2013 trucks. Chairwoman Vargas asked if they are still paying for the 2013 truck and Lisa Zerio said they finished paying that last year.

Councilor Drapeau asked if they don't want to lease the vehicles. Finance Director Mehr said the rates, etc. weren't that great. Councilor Drapeau said his only concern is if there is another catastrophic event which happens between now and April 2015 when the second truck is needed and they might need that \$30,000 for something else. He told Chairwoman Vargas that maybe they could push for the first truck now and then they can push for the second truck in March 2015 if they still have budget money left over. Chairwoman Vargas asked if they knew if that price would still be available. Town Manager Scaife said these vehicles are in stock so he didn't know. Chairwoman Vargas said that whatever has been in contingency at the end of the year in the past always seems to have gone someplace. This would be taking some of that money to put it someplace specific but they have also been having issues with buildings. Councilor Drapeau said he is waiting for a roof to collapse, etc. Town Manager Scaife said there will be an insurance component if they have something catastrophic. He also said that they could do long term financing. He asked Finance Director Mehr if it is correct that there are some other Capital accounts they could pull money from if there is some unique situation. Finance Director Mehr said yes and there will be surplus balances in other accounts too but this would be focusing on the contingency because they budgeted a large contingency. Chairwoman Vargas asked how they are doing with Police overtime, as well as with the money for salt and sand. Town Manager Scaife thinks the Police Department is doing okay with their overtime but there are three guys who are in school and there have been continuous maternity leaves. This seems to be clearing out though. Chairwoman Vargas asked if they should be good with regards to legal fees. Finance Director Mehr said they are doing good on the general side but the tax assessment appeals are over budget. Hopefully the bottom line for legal fees will be okay.

Councilor Drapeau suggested to Chairwoman Vargas that they push this up to the Town Council and he will propose the option if they get a lot of blowback.

Councilor Drapeau made a motion to approve the Resolution – Purchase – Two F-350 Ford Pickup Trucks and forward this to the Town Council. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

BE IT RESOLVED, that the Rocky Hill Town Council authorizes the Town Manager to make an emergency purchase for the following pickup trucks for the Parks Department:

- 1. 2015 Ford F-350 with a dump body 9 ft. fisher plow = \$40,461**
- 2. 2015 Ford F-350 with a 8 ft. fisher plow = \$30,737**
\$71,198

The Town would immediately purchase both trucks at a cost of \$71,198 from Monaco Ford, New London Turnpike, Glastonbury, CT. These trucks will be paid out of the Capital Improvements Budget for Vehicles – Parks Department, budget line 01-950-000-5764.

BE IT FURTHER RESOLVED, that the Finance Director is authorized to transfer, after April 1, 2015 per the Town Charter, \$71,198 from the Contingency /Reserves Budget – Contingency Account – budget line 01-950-000-5764 and transfer this amount to the

Capital Improvements Budget for Vehicles – Parks Department, budget line 01-950-000-5764.

Before the motion was voted on, Chairwoman Vargas questioned the plow for the second truck because she thought that isn't being used for snow. Town Manager Scaife said they will be taking the older trucks offline, except for using them in the summer, but they will want their most reliable vehicles for snowplowing. Chairwoman Vargas said it will be nice if they get rid of old things if they are getting new things. Glenn Parent said they will be getting rid of all of the excess things.

At this point, the motion was voted on.

VI. DISCUSSION – TOWN'S DEBT SERVICE –FINANCE

Finance Director Mehr said the Town issued approximately \$18.1 million of general obligation bonds. The principle and interest payments will be reflected in the next budget year. He told the Councilors that he provided to them a chart of the current year's debt service, next year's and the following budget year's because he was concerned that they had a big gap between years due to the premium they received on their bonds in order to drive the interest rate to approximately 2.76%. Their debt service will only increase \$652,000 from this current year to the next budget year by incorporating the premium. This will increase by \$430,000 the following year. Councilor Drapeau asked if they could have what their total debt number is on a future spreadsheet.

VII. UPDATE LEGAL BILLS SUMMARY – FINANCE

Finance Director Mehr said they got two months of legal bills in after the packets had gone out for this Committee's last meeting. They are at about \$111,000 for the Town Attorney after the first six months of the year. Approximately 50% of this is between the general legal expenses, as well as tax appeals. Councilor Drapeau confirmed that the Secure Care one is going away next year. Town Manager Scaife said the money being spent on people challenging their assessments will drop and they are also seeing a trend of the general legal amounts going down. The only area of concern is the ongoing lawsuit for 60 West Street and \$178,000 is the cost through December 2014. Councilor Drapeau asked what the total amount of taxes are that they owe and Town Manager Scaife thinks that is about \$125,000. Chairwoman Vargas asked how this compares to the budget. Finance Director Mehr believes they are doing okay except for maybe support services in which they have to spend money on some of the tax appeal cases for appraisals, as well as the legal expenses for the attorney's costs that are associated with the tax appeals. He believes their general fund is down low. Town Manager Scaife said at seven months to date, they are at 53%.

VIII. UPDATE – STATE AID TO MUNICIPALITIES FOR 2014-15 BUDGET – FINANCE

Finance Director Mehr said the Town has received everything from the State that it was supposed to. In January 2015, they got 25% of their ECS Grant in and their Town Road Aid

money. They also got the full amount for the municipal revenue sharing bond at the beginning of this month. They are hearing that the State is making budget cuts and he is concerned about the Mashantucket money. They are anticipating getting full funding from the State though for this current fiscal year. They will get information about how much the State will be giving them for these grants in the next fiscal year after the Governor presents his budget to the State Legislature. Councilor Drapeau asked Town Manager Scaife to let the Town Council know about this as soon as he knows.

IX. MONTHLY FINANCIAL REPORT – JANUARY 2015 – FINANCE

Finance Director Mehr asked the Councilors if they want to continue getting the individual budgets that total approximately fifty-six pages or if they want some of the summaries. He also asked if they want to get this on a quarterly basis or on a monthly basis with summaries on the off months. Councilor Drapeau said he relies on them to let them know where they are really over or under but everyone once in a while he looks at the details to keep himself familiar with some of the expenses in the various accounts so he would like to continue getting this because more is more. Finance Director Mehr said the numbers generally start falling in place in February. Town Manager Scaife suggested that they get the summaries monthly and the full detail every quarter. Chairwoman Vargas and Councilor Drapeau said that would be alright with them. Councilor Drapeau asked for the best four months to be picked that will have the most useful information.

Chairwoman Vargas asked if there was any area that they had a concern about at this point in time. Town Manager Scaife said he didn't have any. Finance Director Mehr said they had touched on the legal expenses and they always have a concern about overtime.

X. UPDATE – RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURE FUND – JANUARY 2015 - FINANCE

Finance Director Mehr said they have expended almost \$1.2 million out of this. Most of the summer projects for the schools have been wrapped up except for the sprinklers at West Hill School that they have to close out with the contractor and there are some Change Orders. There is a balance of approximately \$116,000 in the security upgrades. This is money that the Town Council committed to for school security a couple of budgets ago. Portions of this were used when the Board of Education had gotten a security grant from one of the State agencies. The Board of Education also had received a second round of money and the \$116,000 will cover the Town's share of it. They haven't had any bills yet from the RHPD for the Microwave System, which is moving along. There was a \$5,000 donation made (out of Special Rec) to the Little League for the Concession Stand.

Chairwoman Vargas referred to the negative balance for the school communications system. Finance Director Mehr said this ties into the E-Rate. They got their first E-Rate in but they are still waiting for a couple of other ones which will cover the deficit.

Chairwoman Vargas asked what the \$89,000 was for the improvements to Town buildings. Finance Director Mehr said this was tied into one of the roofs and into some of the improvements that were made in the Town Hall offices.

Councilor Drapeau said someone from the Board of Education indicated to him that they are really worried about the HVAC systems that are on the roof at West Hill School and he asked if this will be in next year's budget. Finance Director Mehr believes the Board of Education has hired a consultant to have a review done of this at all of the schools. The air conditioner at Griswold Middle School is for a Special Needs student and the temperature needs to be kept at a certain level in all of the rooms that the security equipment is being kept in so that is why the other schools got air conditioning as well.

XI. OTHER

Councilor Drapeau said he is really satisfied with the documents and the presentation being given now. Everything is being presented even before they are asking for it. He thinks the answers are thoughtful. He thinks they are doing a good job and he commended all of them.

XII. ADJOURNMENT

Councilor Drapeau made a motion to adjourn the meeting at 5:28 p.m. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

Respectfully submitted,

Jo-Anne Booth
Recording Secretary